

E-Mail ALPERSRU R/97

Subj: PROCEDURES FOR REPORTING ENTITLEMENT TO IMMINENT DANGER PAY AND COMBAT  
TAX EXCLUSION  
Ref: (a) U. S. Coast Guard Pay Manual, COMDTINST M7220.29  
(series)  
(b) Personnel and Pay Procedures Manual, PPCINST M1000.2  
(series)  
(c) E-Mail ALPERSRU AK/96, Procedures for Reporting  
Entitlement to Imminent Danger Pay and Combat Tax  
Exclusion  
(d) ALDIST 091/97

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Purpose

This E-mail ALPERSRU clarifies entitlements to:

- 0 Imminent danger pay (section 1)
- 0 Combat tax exclusion (section 2)

The procedures for reporting these entitlements in  
PMIS/JUMPS are also provided.

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Background

This ALPERSRU is a update of reference (c). Tables listing  
areas qualified for Imminent Danger Pay (IDP) and Combat Tax  
Exclusion have been updated to reflect changes published in  
reference (d). A new section has also been added concerning  
tax exclusion for leave earned while in a combat zone.

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Directives

Reference (c) is canceled. Affected

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| S E C T I O N 1 -- Imminent Danger Pay |

Introduction

Imminent Danger Pay is an entitlement to members who meet  
the special conditions described in reference (a). This  
special pay is in addition to any other pay and allowances  
a member may be entitled.

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Qualified  
Areas for  
Imminent  
Danger Pay

Areas designated as qualifying for imminent danger pay are  
listed below.

Note: This table includes information which will be  
reflected in changes 13 and 14 to reference (a).

COUNTRY / AREA	COVERED AREAS	
	LAND	AIRSPACE ABOVE
Afghanistan	X	X
Albania	X	X
Algeria	X	X
Angol	X	X
Azerbaijan	X	X
Bahrain	X	X
Bosnia-Herzegovina	X	X
<b>Cambodia</b>	X	X
<b>Chad</b>	X	X
<b>Columbia</b>	X	X
<b>Croatia</b>	X	X
Egypt	X	X
<b>El Salvador</b>	X	X
Georgia and Abkhazia	Note 1	
Greece; Athens only	Note 2	
Haiti	X	X
Iran	X	X
Iraq	X	X
Jordan	X	X
Kuwait	X	X
Laos	X	X
Lebanon	X	X
Liberia	X	X
<b>Macedonia</b>	X	X
<b>Montenegro</b>	X	X
<b>Mozambique</b>	X	X
<b>Pakistan</b>	X	X
<b>Persian(Arabian)Gulf</b>	X	X
Peru	X	X
<b>Saudi Arabia</b>	X	X
<b>Serbia</b>	X	X
<b>Somalia</b>	X	X
<b>Sudan</b>	X	X
<b>Tajikistan</b>	X	X
<b>Turkey(Incirlik only)</b>	X	X
<b>Vietnam</b>	X	X
<b>Yemen</b>	X	X
<b>Zaire</b>	X	X

Note 1: THE LAND AREA OF GEORGIA AND ABKHAZIA LYING NORTH OF 42 DEGREES NORTH LATITUDE AND WEST OF 43 DEGREES EAST LONGITUDE EFFECTIVE 28 JANUARY 1997.

Note 2: THE LAND AREA OF GREECE WITHIN A 14-KM RADIUS FROM THE CENTER OF ATHENS (37-58N, 23-43E) EFFECTIVE 29 JANUARY 1997.

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Rules for  
Imminent  
Danger Pay

The following rules apply when determining entitlement to Imminent Danger Pay:

0 A member who serves on official duty in one of the designated areas for any part of a month is entitled to imminent danger pay for the entire month.

Exception: Entitlement is on a Day-for-Day basis if the member enters a non-pay status or is separated during the month.

- o In those areas where airspace is designated, personnel who fly through the area are eligible for payment.

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Amount of  
Imminent  
Danger Pay

The current monthly rate of imminent danger pay is \$150.00.

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Procedure  
For Payment  
Of Imminent  
Danger Pay

These are the procedures utilized when a member qualifies for imminent danger pay.

Step	Who Does it	What Happens
1	Unit CO	Sends letter/message to PERSRU with the information required by Section 7-A-7 of reference (b), (name, SSN, dates, area of hostile activity, etc.)
2	PERSRU	Submits a Start Pay transaction for imminent danger pay. There are two options available:  Option 1: Imminent Danger Pay for a single month only.  Option 2: Continuous Imminent Danger Pay until submission of a subsequent stop transaction

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| S E C T I O N 2 -- Combat Tax Exclusion |

Introduction

Certain income earned by members of the Armed Forces while in a combat zone designated by the President is not subject to withholding of federal or state income tax.

Qualified  
Areas For  
Combat Tax  
Exclusion

Section 8-G-2 of reference (a) designates combat zones which qualify for federal income tax exclusion. The current designated areas are:

COUNTRY / AREA	COVERED AREAS INCLUDE			
	Land	Inland Waters	Coastal Waters	Airspace Above
Arabian Sea			See Ref A	X
Bahrain	X		X	X
Bosnia-Herzegovina	X			X
Croatia	X			X
Gulf of Aden			All Gulf	X
Gulf of Oman			All Gulf	X
Iraq	X		X	X
Kuwait	X		X	X
Oman	X		X	X
Macedonia	X			X
Persian Gulf			All Gulf	X
Qatar	X		X	X
Red Sea			All Sea	X
Saudi Arabia	X		X	X
United Arab Emirates	X		X	X

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Rules for  
Combat Tax  
Exclusion

The following rules apply when determining income tax exclusion for duty in a combat zone.

- o A member who is present on official duty in a combat zone, no matter how brief, qualifies for combat tax exclusion for that month.

Exception: Members on TAD or leave away from a zone during an entire calendar month, however, are not entitled to tax exclusion for that month.

- o When the airspace over a combat zone is included as part of the zone, members who pass over or through the combat zone during the course of a trip between two points, both of which lie outside the zone, are entitled to an exclusion only if the members are assigned to official temporary duty to the airspace of the combat zone or qualify for hostile fire/imminent danger pay as a result of the flight.
- o Members performing military duties in areas outside a designated combat zone in support of military operations in a combat zone, who qualify for imminent danger pay, also qualify for combat tax exclusion

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Amount of  
Combat Tax  
Exclusion

For enlisted members and warrant officers, all taxable military pay items earned by a member during a month while serving in a combat zone are excluded from federal and state taxation.

For officers O-1 and above, the first \$4,227.90 per month of taxable military pay items are excluded from federal taxation.

Note 1: The \$4,227.90 figure increases annually to match the current base pay rate for an E-10.

Note 2: Imminent danger pay (if entitled) is not included in the \$4,227.90 ceiling.

Members entitled to combat tax exclusion will not have any Federal/State income tax withheld from the exempted amount of their pay. Voluntary withholding of this amount is not permitted.

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PERSRU  
Procedures

The PERSRU shall submit a Start Pay transaction for combat tax exclusion. There are two options available:

- o Combat Tax Exclusion for a single month only.
  - o Continuous Combat Tax Exclusion until submission of a subsequent stop transaction.
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Extension  
of filing  
date for  
tax returns

Members serving in a combat zone are allowed an extension of up to 180 days to file their federal income tax return, as described in Section 8-G-7 of reference (a).

The due date for filing state tax returns is regulated by each state. Members serving in a combat zone should contact their state tax office regarding the postponement of filing state tax returns.

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Wages  
Associated  
With Leave  
Earned While  
In A Combat  
Zone

Leave earned by a member in a combat tax exclusion zone is not taxed when that leave is used.

Example: If a member serves in a combat tax exclusion zone from 10 March to 20 April 1997, the member earns two months of tax exclusion benefits and 5 days of tax-free leave provided the member was on active duty the entire month). When the member uses those 5 days leave, the compensation paid the member while on leave is excludable from taxable gross income.

The following rules apply to tax-free leave:

- o For officers 0-1 and above, the TOTAL of combat-free wages plus combat-free leave earned during a given month may not exceed \$4,227.90 (without IDP) or \$4377.90 (with IDP).
- o Leave earned in a combat tax exclusion zone is the FIRST leave used after leaving the combat tax exclusion zone.
- o Leave earned in a combat tax exclusion zone that is used during a month a member is in a combat tax exclusion status is counted as part of the tax-free wages for that month.

Example: If an individual is in a combat zone from 10 March to 20 April 1997, and takes five days leave during May 1997, the compensation paid the member while on leave is tax-free. However, if this member takes five days leave during April 1997, the member receives no additional tax advantage for the five days of leave.

- o Members who have combat leave who do not use such leave prior to separation are entitled to receive the tax benefit when selling leave, as detailed in chapter 10 of reference (a).

Questions

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Questions may be directed to the HRSIC Customer Service Team at 913-357-3540.

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Released by

/s/  
J. D. WILLIAMSON  
Executive Officer